

**Date:** October 19, 2015

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Kevin Dick, Director - Office of Economic and Workforce Development  
*KD*  
**Subject:** Potential Economic Development Incentive Agreement for Project Ironman

### Executive Summary

This item describes an expansion project related to potential economic development incentives for job creation within the city limits of Durham (potentially Meridian Parkway).

### Recommendation

The Office of Economic and Workforce Development recommends that City Council authorize the City Manager to negotiate an economic development agreement not to exceed \$64,500.00. Specific payment terms would be negotiated.

### Background

Company Summary:

- Company offers broadband, voice, satellite video, wireless Internet data access, data security solutions, bundled offerings and more. Company currently operates in 27 states and has over 15,000 employees based entirely in the United States.
- Company has recently acquired Verizon landlines in three states (TX, CA, FL).

Company's Options:

Company is looking to site a new call center to support operations from the newly acquired markets. Employees will be performing business-to-business and customer service duties.

Options to site the new call center are in the following locations:

- |                  |         |
|------------------|---------|
| ○ Florida        | ○ Texas |
| ○ South Carolina | ○ Utah  |
| ○ North Carolina |         |

### Issues and Analysis

Project Assumptions:

- Space Requirement Approx. 15,000 – 25,000 sq. ft.
- Capital Investment \$4,300,000.00
- 150 jobs over 2015 – 2018 (100 by end of 2016, 25 in 2017, 25 in 2018)

The State of North Carolina's incentive offer will be in the form of a Job Development Investment Grant (JDIG) and is being finalized. The State's offer would require an adequate local match (not necessarily one to one).

The project is slated to result in the creation of 150 jobs over the three year period from

2016-2018 and a total of 200 jobs by 2019 with a wage range of \$35,000.00 - \$70,000.00, including benefits. Benefits include medical, dental, vision and income protection insurances – as well as generous paid time off, 401(k) savings with company match, profit sharing and tuition reimbursement.

Potential City of Durham Incentives:

Proposed offer is up to \$430.00 per job for 150 jobs for a total not to exceed \$64,500.00. Payment terms would be negotiated with the Company.

Additional City of Durham assistance may include:

- On-the-Job Training funds (based on funding availability) and use of NCWorks Career Center system for recruitment
- Expedited approval of permits

Other Factors:

- Company currently has a presence in Durham and this incentive could create an opportunity for expansion
- Telecommunications and IT is a coveted industry
- There is significant evidence that not providing an incentive would result in the project occurring elsewhere
- Company has been involved with the Durham community through:
  - Sponsorship of the State of Durham's Economy event;
  - Engagement with the Telecommunications and Energy Training Demonstration Project undertaken in conjunction with North Carolina Institute for Minority Economic Development (NCIMED); and
  - Support of the Durham YouthWork Internship Program

### **Alternatives**

Council could elect not to authorize the City Manager to negotiate an economic development agreement not to exceed \$64,500.00 or a lesser maximum amount and risk losing the potential creation of 150 jobs within Durham.

### **Financial Impact**

There is no immediate financial impact related to this item however, The Office of Economic and Workforce Development is recommending up to a maximum of \$64,500.00. Specific payment terms would be negotiated.

### **SDBE Summary**

This item is not applicable because no SDBE goals have been set for the item.

### **Attachments**

None